

## **Transmission Planning Work Group**

### **Trends**

- Although the Work Group has not yet prepared its bulleted recommendations, trending towards:
  - RTO responsible for planning of main grid
  - RTO involvement in “local planning” dependent upon pricing structure. At a minimum RTO will:
    - Make sure local facilities do not negatively impact transfer capability of main grid
    - Interface with local planning as necessary
    - Participate in joint projects

## **Planning Scenarios Under Consideration**

- RTO-Light – RTO planning staff coordinates and supervises the planning of other entities, has the authority to ensure certain standards are met and final decision-making authority within the scope of its authority
- RTO-Medium – RTO planning staff takes lead with respect to engineering/planning functions, but divides focus of planning staff into different geographic areas, same authority as in RTO-Light
- RTO-Heavy – Centralized RTO planning staff takes lead with respect to engineering/planning functions, same authority as RTO-Light

## **Developing a Market-Driven Mechanism**

- **Joint Group (CM/Planning/Pricing) Activity**
  - **Focusing on market-driven approach for expansion to relieve congestion**
  - **Not comfortable having all expansion decisions made by market**
  - **Currently evaluating where and how to draw the line between expansion related to congestion and expansion to serve load or other purposes**
  - **Joint group (or Pricing Work Group) will make recommendation on who pays for what types of expansion**

## **Need for *Assumptions* In Order to Develop Work Group Recommendations**

- **RTO planning and pricing structures interrelated**
- **In order to develop a complete set of recommendations, the Planning Work Group has made certain *assumptions* regarding pricing structure**
  - **Assumptions are not an attempt to predict the outcome of the pricing structure, rather, they provide the Planning Work Group with a starting point**
- **If the Pricing Work Group's recommendations and the RRG's decisions differ from the assumptions, the Planning Work Group will modify the planning structure as appropriate**

## **Assumptions Underlying Planning Work Group's Recommendations**

- **Recovery of embedded costs of existing facilities will be through company rates**
- **Recovery of costs of replacements of existing facilities will be from an expanded pool of RTO customers, either through area or postage stamp rates**
- **Recovery of costs of new facilities relating to congestion relief (still to be defined) will be borne by the project's sponsor**
- **Recovery of costs of new facilities relating to load service or other non-congestion matters will be from an expanded pool of RTO customers, either through area or postage stamp rates**

## **Homework**

- **The Planning Work Group will have a complete set of recommendations by 7/31**
- **The recommendations address a number of policy issues**
- **In order to be prepared to review and act on the recommendations, the Planning Work Group asks that RRG members consider the following policy issues in advance of receiving the Planning Work Group's recommendations**

## **Policy Issues**

- **What is the RTO's obligation with respect to expansion, replacements, reinforcement, etc., of the RTO System?**
  - **None (left entirely to market)?**
  - **Maintain sufficient transfer capability to satisfy firm transmission rights that are determined to exist on Day One? Sufficient to satisfy additional firm rights that have been contracted for or requested from the RTO?**
  - **Comprehensive responsibility similar to vertically-integrated utility?**

## **Policy Issues**

- **Does the RTO's obligation differ based upon the reason for the expansion, replacement, reinforcement (native load service v. market transactions)?**
- **If decisions relating to replacements, reinforcements, expansions are left to the market, can/should the RTO do anything other than reduce the use of the system within ratings as appropriate until a market sponsor steps forward?**
- **Does the owner of a new facility that degrades the transfer capability of the main grid have an obligation to mitigate the impacts of the addition of its facilities?**